



**TOWN OF LOS GATOS
COUNCIL AGENDA REPORT**

MEETING DATE: 10/01/2019

ITEM NO: 10

DATE: September 25, 2019
TO: Mayor and Town Council
FROM: Laurel Prevetti, Town Manager
SUBJECT: Provide Direction to Staff on the Next Steps for the Temporary Community Vitality and Land Use Streamlining Resolutions Due to Sunset in December 2019

RECOMMENDATION:

Provide direction to staff on the next steps for the temporary community vitality and land use streamlining resolutions due to sunset in December 2019.

BACKGROUND:

The Town Council has an adopted strategic priority that promotes community vitality and encourages land use streamlining efforts. Since the adoption of this priority, staff has been working with the Town Council and Council Policy Committee to identify and streamline many of the business-related processes to reduce the associated time and cost.

Attachment 1 provides a timeline and synopsis of the adopted streamlining efforts to date. Those highlighted in yellow are temporary resolutions adopted by the Council that are due to sunset in December of 2019.

DISCUSSION:

Since the adoption of the streamlined items outlined in Attachment 1, staff has done a large amount of outreach to interested stakeholders, including businesses, property owners, commercial brokers, and property managers. These connections have not only provided the opportunity to update the business community on the adopted resolutions, they have also afforded the opportunity to share the story of Los Gatos, the positive efforts of the Council, and

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Reviewed by: Town Manager, Assistant Town Manager, Community Development Director, Town Attorney, and Finance Director

DISCUSSION (continued):

encourage business retention, expansion, and attraction. To date, staff has received positive feedback on the Council's support of businesses and the opportunities these regulatory changes provide. Due to the time and cost associated with obtaining a new or modifying an existing Conditional Use Permit (CUP), many businesses historically have not applied for the process and have appreciated the opportunity to do so under the streamlined process.

To provide context for the Council's discussion, below are high-level summaries of how the temporary streamlining efforts that have been adopted since June 5, 2018 have been utilized.

Formula Retail in Downtown (resolution adopted 6/5/18): The Town Council adopted a temporary resolution allowing up to five new formula retailers over an 18-month period in spaces downtown that do not have a current CUP in place for Formula Retail. To date, there have been three new formula retailers that have leased spaces downtown that were formerly occupied by a use other than a formula retailer. It is important to note that some formula retailers have left downtown whom had a valid CUP for formula retail, thus the replacement businesses do not count towards the five new formula uses.

Restaurant CUP modifications at the Development Review Committee (DRC) (adopted 6/19/18): The Town Council adopted a temporary 18-month resolution to allow current restaurants to modify their use permits at the DRC level. Nine restaurants have completed a modification, five are currently in the process, and another three are anticipated to apply before the end of the year. Many of these businesses chose to modify their use permit to allow them to participate in the pilot parklet program as the former language in their CUP prohibited outdoor dining in many cases.

New restaurant CUPs to be heard at the DRC and suspension of Ordinance 2021 (adopted 3/5/19): The Town Council adopted a temporary resolution valid through 12/31/19 allowing new restaurants, Town-wide, to be heard by the DRC. To make this possible, Ordinance 2021 was also suspended for the same period. Two restaurants have been approved at the DRC since its adoption.

Allow Minor Exterior Modifications to Commercial Buildings to be Processed as Building Permits (adopted 3/5/19): The Town Council adopted a temporary resolution valid through 12/31/19 allowing minor exterior modifications to commercial buildings to be processed as building permits, rather than having to go to the DRC. Since the adoption of the resolution, staff has processed seven applications for exterior modifications. The types of modifications include swapping doors for windows, windows for doors, parking lot reconfigurations, window awnings, pedestrian walkways, changes to exterior materials, and other similar items.

DISCUSSION (continued):

Group Classes to be heard by the DRC in the C-2 and permitted by-right outside of the C-2 zone (adopted 3/19/19): The Town Council adopted a temporary resolution valid through 12/31/19 allowing CUPs for group classes within the C-2 to be heard by the DRC, and those outside of the C-2 to be allowed with over the counter permits (Business license and Certificate of Use and Occupancy). One new CUP for group classes has been approved by the DRC. Following the DRC approval of the application, it was appealed by a community member to the Planning Commission whom ultimately upheld the DRC's approval and approved the group class use. Additionally, one new group class use outside the C-2 has been approved.

While the streamlined processes are helpful for businesses, there are still many other factors in play when it comes to retaining and attracting businesses. Staff has found that since the time and costs have been reduced, businesses are generally much more satisfied with the CUP process. For many though, this is just the first step in a lengthy road to opening their business. Building permits may not be applied for or issued until the CUP is obtained, and often outside agencies have requirements and processes of their own that take weeks to months to complete. Thus, reverting to the longer and more expensive process for CUPs could have a negative impact on the Town's business attraction and retention efforts.

CONCLUSION:

Staff has observed several successes with the temporary streamlining processes and recognize that memorializing the streamlining processes on a more permanent basis would likely continue to create opportunities to strengthen the businesses in Town. Each application is still fully reviewed and vetted with the streamlining, and staff recommends conditions of approval for the deciding body as in any discretionary CUP process. The reduction in time and costs is a product of the streamlining and allowing decisions to occur at a lower level while retaining all appeal rights.

Should the resolutions pertaining to CUPs sunset and the application process revert, the fees for a new CUP would be \$8,976.14 for Planning Commission applications and \$15,383.52 for Town Council applications. If minor exterior modifications to commercial buildings were required to once again be approved by DRC, the application fee would be \$5,743.02.

Time and cost are typically the two biggest concerns the staff hears from businesses and property owners. The streamlined processes provide a reduction in both while maintaining staff and discretionary oversight.

As the Council discusses the resolutions outlined in this report (Attachments 2 - 6), staff is recommending the Council provide direction on next steps for each of the temporary resolutions as follows:

CONCLUSION (continued):

- Recommend memorializing one or more of the streamlining efforts through Town Code amendments. Staff will draft language and present it to the Planning Commission for discussion and recommendations to the Town Council;
- Extend the sunset date of one or more of the temporary resolutions; or
- Allow the resolutions to sunset and the processes to revert to the current Code language.

COORDINATION:

This staff report was prepared in coordination with the Town Managers Office, Town Attorney's Office, and Community Development Department.

FISCAL IMPACT:

Fees paid for by applicants cover the cost of the applicant's process thus there is no fiscal impact.

ENVIRONMENTAL ASSESSMENT:

The project is Categorically Exempt pursuant to the adopted Guidelines for the Implementation of the California Environmental Quality Act, Section 15061(b)(3), in that it can be seen with certainty that there is no possibility that the proposed amendments to the Town Code will have a significant effect on the environment.

Attachments:

1. Economic Vitality and Land Use Streamlining Summary
2. Temporary resolution suspending the CUP requirement for formula retailers
3. Temporary Resolution allowing restaurants to modify their CUP at the DRC
4. Temporary Resolution suspending Ordinance 2021 and allowing new restaurants to obtain a CUP at the DRC
5. Temporary Resolution allowing for minor exterior modifications to commercial buildings to be made at building permit
6. Temporary Resolution allowing group classes without a CUP in commercial zones outside of downtown, and those within downtown to obtain a CUP at the DRC